

A Blueprint for Wealth Creation

Wealth creation is a term given to the structured and purposeful methods used to grow the value of an asset or assets over an extended period of time. Many people use wealth creation during their working years to fund an enviable lifestyle in retirement or to provide an inheritance for their families. Others need to feel financially secure and use it to create a buffer between themselves and financial adversity in the event of ill health and loss of income.

Slow and Steady Wins the Race

Creating the level of wealth that would assist a person to achieve these goals is not something that generally happens over a few months or even a few years. It is also not an exercise solely for people who are already wealthy. In fact, given reasonably secure employment and a modest salary, almost anyone can build wealth over the long term. It depends on the individual's level of commitment, setting clear, achievable goals and being consistent with the strategy devised.

Once the decision has been made to fully commit to creating wealth, advice should be sought from experienced [accounting Brisbane](#) professionals. They can help a client crystallise goals that seem too far away to be seen with any clarity. By defining these goals and setting some objectives to assist with reaching them, they can then devise a comprehensive, well-researched plan to set the client on the road to wealth building.

As an example, a young person in their early twenties could decide that property was their starting point. By saving a deposit and buying a modest investment property using a negative gearing strategy, a tenant pays much of the mortgage. At tax return time, the cost of holding the property is more than the income. This loss is offset against the total taxable income, producing a reasonable tax refund which could then be used to purchase, for example, some shares.

By repeating this exercise for several years running, the person now not only has a reasonable portfolio of shares, but some equity in the property. This equity is used to purchase another rental property, fully negatively geared which produces a similar result as the first. Now the person has more choices about what to do with the tax refund. They could continue as they have done, or branch out into other investment areas.

Professional Accounting Advice Essential

Accounting advice is essential all the way along this journey. The tax laws change almost every year, with some deductions available one year and not the next.

Legislation is introduced to stimulate a certain sector of the economy. Strategies that were viable a couple of years ago are not as attractive now as the market and the economy change and develop. Accountants are required to keep in touch with all these types of changes, and are the best people to advise if and when a wealth creation strategy should change direction.

Having some wealth behind you is a security blanket against adversity. Unfortunately, most Australians who are nearing retirement age have only meagre superannuation balances to supplement their government pensions. The ship has sailed for the immediate post-war generation, but there are ample opportunities for the rest of the workforce to take stock and start setting some wealth goals. [Click here for more](#)

[information](#)...There is still time for many people in the workforce to get on board and secure their financial future.

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